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DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 744

[Docket No. 170411380-7380-01]

RIN 0694–AH39

Russian Sanctions: Addition of Certain Entities to the Entity List

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: The Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) by adding ten entities to the Entity List. The ten entities that are added to the Entity List have been determined by the U.S. Government to be acting contrary to the national security or foreign policy interests of the United States. BIS is taking this action to ensure the efficacy of existing sanctions on the Russian

Federation (Russia) for violating international law and fueling the conflict in eastern Ukraine. These entities will be listed on the Entity List under the destinations of the Crimea region of Ukraine and Russia.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT:

Chair, End-User Review Committee, Office of the Assistant Secretary, Export Administration, Bureau of Industry and Security, Department of Commerce, Phone: (202) 482-5991, E-mail: ERC@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

The Entity List (Supplement No. 4 to Part 744 of the EAR) identifies entities and other persons reasonably believed to be involved in, or that pose a significant risk of being or becoming involved in, activities that are contrary to the national security or foreign policy of the United States. The EAR imposes additional licensing requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) to those persons or entities listed on the Entity List. The license review policy for each listed entity is identified in the License Review Policy column on the Entity List and the impact on the availability of license exceptions is described in the

Federal Register notice adding entities or other persons to the Entity List. BIS places entities on the Entity List based on certain sections of part 744 (Control Policy: End-User and End-Use Based) and part 746 (Embargoes and Other Special Controls) of the EAR.

The End-user Review Committee (ERC) is composed of representatives of the Departments of Commerce (Chair), State, Defense, Energy, and where appropriate, the Treasury. The ERC makes decisions to add an entry to the Entity List by majority vote and to remove or modify an entry by unanimous vote. The Departments represented on the ERC have approved these changes to the Entity List.

Entity List Additions

Additions to the Entity List

This rule adds ten entities to the Entity List. These ten entities are being added on the basis of § 744.11 (License requirements that apply to entities acting contrary to the national security or foreign policy interests of the United States) of the EAR. The ten entries being added to the Entity List consist of two entries in the Crimea region of Ukraine and eight entries in Russia.

Under § 744.11(b) (Criteria for revising the Entity List) of the EAR, persons for whom there is reasonable cause to believe, based on specific and articulable facts, have been involved, are involved, or pose a significant risk of being or becoming involved in, activities that are contrary to the national security or foreign policy interests of the United States and those acting on behalf of such persons may be added to the Entity List. The entities being added to the Entity List have been determined to be involved in activities

that are contrary to the national security or foreign policy interests of the United States. Specifically, in this rule, BIS adds entities to the Entity List for violating international law and fueling the conflict in eastern Ukraine. These additions ensure the efficacy of existing sanctions on Russia. The particular additions to the Entity List and related authorities are described below.

A. Entity Additions Consistent With Executive Order 13660

Three entities are added based on activities that are described in Executive Order 13660 (79 FR 13493), *Blocking Property of Certain Persons Contributing to the Situation in Ukraine*, issued by President Barack Obama on March 6, 2014. As described in the Executive Order, President Obama found that the actions and policies of persons who have asserted governmental authority in Crimea without the authorization of the Government of Ukraine undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States. President Obama also declared a national emergency to deal with that threat.

Executive Order 13660 blocks all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person (including any foreign branch) of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be responsible for or complicit in, or to have engaged in, directly or indirectly, misappropriation of state assets of Ukraine or of an economically significant entity in

Ukraine, among other activities. Under Section 8 of the Order, all agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of the Order.

The Department of the Treasury's Office of Foreign Assets Control (OFAC), pursuant to Executive Order 13660, has designated the following three entities as being within the scope of the Order: Bike Center, Private Military Company 'Wagner' and 'Wolf' Holding of Security Services. In conjunction with that designation, the Department of Commerce adds all three entities to the Entity List under this rule and imposes a license requirement for exports, reexports, or transfers (in-country) of all items subject to the EAR to these blocked persons. This license requirement implements an appropriate measure within the authority of the EAR to carry out the provisions of Executive Order 13660.

B. Entity Additions Consistent With Executive Order 13661

Three entities are added based on activities that are described in Executive Order 13661 (79 FR 15533), *Blocking Property of Additional Persons Contributing to the Situation in Ukraine*, issued by President Barack Obama on March 16, 2014. This Order expanded the scope of the national emergency declared in Executive Order 13660 of March 6, 2014 (79 FR 13493). As described in Executive Order 13661, President Obama found that the actions and policies of the Government of the Russian Federation with respect to Ukraine – including the deployment of Russian military forces in the Crimea region of Ukraine – undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the

misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.

Executive Order 13661 includes a directive that all property and interests in property that are in the United States, that hereafter come within the United States, or that are or thereafter come within the possession or control of any United States person (including any foreign branch) of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: persons determined by the Secretary of the Treasury, in consultation with the Secretary of State to have either materially assisted, sponsored or provided financial, material or technological support for, or goods and services to or in support of a senior official of the government of the Russian Federation or operate in the defense or related materiel sector in Russia. Under Section 8 of the Order, all agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of the Order.

The Department of the Treasury's Office of Foreign Assets Control, pursuant to Executive Order 13661, on behalf of the Secretary of Treasury, and in consultation with the Secretary of State, has designated the following three entities as being within the scope of the Order: Concord Catering, Limited Liability Company Concord Management Consulting and Molot-Oruzhie, OOO. BIS is also adding these entities to the Entity List pursuant to Executive Order 13661.

The three entities added to the Entity List under Executive Order 13661 meet the criteria of Section 1, subparagraph B of the Executive Order 13661 because they operate in Russia's arms or related materiel sector. With respect to these three entities, BIS imposes a license requirement for exports, reexports, or transfers (in-country) of all items

subject to the EAR to these entities. This license requirement implements an appropriate measure within the authority of the EAR to carry out the provisions of Executive Order 13661.

C. Entity Additions Consistent With Executive Order 13685

Four entities are added based on activities that are described in Executive Order 13685 (79 FR 77357), *Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine*, issued on December 19, 2014. In order to take additional steps to address the Russian occupation of the Crimea region of Ukraine with respect to the national emergency declared in Executive Order 13660 of March 6, 2014, and expanded in Executive Order 13661 of March 16, 2014, and Executive Order 13662 of March 20, 2014, President Obama ordered certain additional prohibitions with respect to the Crimea region of Ukraine. In particular, Executive Order 13685 prohibits the export, reexport, sale or supply, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine. Under Section 10 of the Order, all agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of the Order.

The Department of the Treasury's Office of Foreign Assets Control, pursuant to Executive Order 13685, on behalf of the Secretary of the Treasury and in consultation with the Secretary of State, has designated the following four entities as operating in the Crimea region of Ukraine: IFDK, ZAO; KPSK, OOO; Oboronlogistika; and Riviera Sunrise Resort & Spa.

In conjunction with these designations, BIS adds all four of these entities to the Entity List under this rule and imposes a license requirement for exports, reexports, or transfers (in-country) of all items subject to the EAR to these blocked persons. This license requirement implements an appropriate measure within the authority of the EAR to carry out the provisions of Executive Order 13685.

For the ten entities added to the Entity List based on activities that are described in Executive Order 13660, 13661 or 13685, BIS imposes a license requirement for all items subject to the EAR and a license review policy of presumption of denial. The license requirements apply to any transaction in which items subject to the EAR are to be exported, reexported, or transferred (in-country) to any of the entities or in which such entities act as purchaser, intermediate consignee, ultimate consignee, or end-user. In addition, no license exceptions are available for exports, reexports, or transfers (in-country) to the entities being added to the Entity List in this rule.

The acronyms “a.k.a.” (also known as) and “f.k.a.” (formerly known as) are used in entries on the Entity List to help exporters, reexporters and transferors to better identify listed persons on the Entity List.

This final rule adds the following ten entities to the Entity List:

Crimea region of Ukraine

(1) Riviera Sunrise Resort & Spa, a.k.a., the following one alias:

-Riviera Sunrise Resort and Spa.

Lenin St. 2, Alushta, Crimea 29850, Ukraine; and

(2) KPSK, OOO, a.k.a., the following two aliases:

-Obshchestvo S Ogranichennoi Otvetstvennostyu 'Krymskaya Pervaya Strakhovaya Kompaniya'; and

-OOO 'Krymskaya Pervaya Strakhovaya Kompaniya'.

29 ul. Karla Marksa, Simferopol, Crimea 295006, Ukraine.

Russia

(1) Bike Center, a.k.a., the following three aliases:

-Baik. V. Tsentr;

-Baik. V. Tsentr, OOO; and

-Bike V. Center.

Nizhnije Mnevniki, 110, Moscow, Russia; and UL. Nikitskaya B. D.11/4, Korp .3,
Moscow 103009, Russia; and 1 1/4, str.3 ul. Nikitskaya B., Moscow 103009, Russia;

(2) Concord Catering,

Nab. Lieutenant Schmidt D. 7, von Keyserling Mansion, St. Petersburg 119034, Russia;
and Ulitsa Volkhonka Dom 9, Moscow 119019, Russia;

(3) IFDK, ZAO, a.k.a., the following six aliases:

-Closed Joint Stock Company 'IFD Kapital';

-IFD Kapital;

-IFD Kapital Group;

-IFD-Capital;

-IFD-Kapital; and

-Zakrytoe Aktsionernoe Obshchestvo 'IFD Kapital' (f.k.a., Zakrytoe Aktsionernoe Obshchestvo IFD Karital).

6 naberezhnaya, Krasnopresnenskaya, Moscow 123100, Russia;

(4) Limited Liability Company Concord Management and Consulting, a.k.a. the following three aliases:

-Konkord Menedzhment I Konsalting, OOO;

-LLC Concord Management and Consulting; and

-Obshchestvo S Ogranichennoi Otvetstvennostyu Konkord Menedzhment I Konsalting.

d. 13 Litera A, Pom. 2-NN4, Naberezhnaya Reki Fontanki, St. Petersburg 191011, Russia;

(5) Molot-Oruzhie, OOO, a.k.a., the following one alias:

-Obshchestvo S Ogranichennoi Otvetstvennostyu 'Molot-Oruzhie' (f.k.a., Obshchestvo S Ogranichennoi Otvetstvennostyu Proizvodstvenno Instrument Kachestvo).

135 ul. Lenina, Vyatskie Polyany, Kirov Obl. 612960, Russia;

(6) Oboronlogistika, OOO, a.k.a., the following four aliases:

-Oboronlogistics Limited Liability Company;

-Oboronlogistics LLC;

-Oboronlogistika LLC; and

-Obshchestvo S Ogranichennoi Otvetstvennostyu 'Oboronlogistika'.

d. 18 str. 3 prospekt Komsomolski, Moscow 119021, Russia; and ul. Goncharnaya,
house 28, building 2, Moscow 115172, Russia;

(7) Private Military Company 'Wagner', a.k.a., the following three aliases:

-Chasnaya Voennaya Kompaniya 'Vagner';

-Chvk Vagner; and

-PMC Wagner).

Russia; and

(8) 'Wolf' Holding of Security Structures, a.k.a., the following four aliases:

-Defense Holding Structure "Wolf";

-Holding Security Structure Wolf;

-Kholding Okhrannykh Struktur Volk; and

-Wolf Holding Company.

ul. Panferova d. 18, Moscow 119261, Russia; and Nizhniye Mnevniki, 110, Moscow,
Russia.

Export Administration Act of 1979

Although the Export Administration Act of 1979 expired on August 20, 2001, the President, through Executive Order 13222 of August 17, 2001, 3 CFR, 2001 Comp., p. 783 (2002), as amended by Executive Order 13637 of March 8, 2013, 78 FR 16129

(March 13, 2013) and as extended by the Notice of August 4, 2016, 81 FR 52587 (August 8, 2016), has continued the Export Administration Regulations in effect under the International Emergency Economic Powers Act. BIS continues to carry out the provisions of the Export Administration Act of 1979, as appropriate and to the extent permitted by law, pursuant to Executive Order 13222, as amended by Executive Order 13637.

Rulemaking Requirements

1. Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been determined to be not significant for purposes of Executive Order 12866.

2. Notwithstanding any other provision of law, no person is required to respond to nor be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This regulation involves collections previously approved by OMB under control number 0694–0088, Simplified Network

Application Processing System, which includes, among other things, license applications and carries a burden estimate of 43.8 minutes for a manual or electronic submission.

Total burden hours associated with the PRA and OMB control number 0694-0088 are not expected to increase as a result of this rule. You may send comments regarding the collection of information associated with this rule, including suggestions for reducing the burden, to Jasmeet K. Seehra, Office of Management and Budget (OMB), by e-mail to Jasmeet_K._Seehra@omb.eop.gov, or by fax to (202) 395-7285.

3. This rule does not contain policies with Federalism implications as that term is defined in Executive Order 13132.

4. The provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, the opportunity for public comment and a delay in effective date are inapplicable because this regulation involves a military or foreign affairs function of the United States. (*See* 5 U.S.C. 553(a)(1)). BIS implementation of this rule is necessary to protect U.S. national security or foreign policy interests by preventing items from being exported, reexported, or transferred (in country) to the entities being added to the Entity List. If this rule were delayed to allow for notice and comment and a delay in effective date, the ten entities being added to the Entity List by this action would continue to be able to receive items without a license and to conduct activities contrary to the national security or foreign policy interests of the United States. In addition, publishing a proposed rule would give these parties notice of the U.S. Government's intention to place them on the Entity List and would create an incentive for

these persons to either accelerate receiving items subject to the EAR to conduct activities that are contrary to the national security or foreign policy interests of the United States, and/or to take steps to set up additional aliases, change addresses, and other measures to try to limit the impact of the listing on the Entity List once a final rule was published. Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule.

5. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, are not applicable. Accordingly, no regulatory flexibility analysis is required and none has been prepared.

List of Subjects in 15 CFR Part 744

Exports, Reporting and recordkeeping requirements, Terrorism.

For the reasons stated in the preamble, the Bureau of Industry and Security amends part 744 of the Export Administration Regulations (15 CFR parts 730–774) as follows:

PART 744—[AMENDED]

1. The authority citation for 15 CFR part 744 continues to read as follows:

Authority: 50 U.S.C. 4601 *et seq.*; 50 U.S.C. 1701 *et seq.*; 22 U.S.C. 3201 *et seq.*; 42 U.S.C. 2139a; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 12058, 43 FR 20947, 3 CFR,

1978 Comp., p. 179; E.O. 12851, 58 FR 33181, 3 CFR, 1993 Comp., p. 608; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 356; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; Notice of August 4, 2016, 81 FR 52587 (August 8, 2016); Notice of September 15, 2016, 81 FR 64343 (September 19, 2016); Notice of November 8, 2016, 81 FR 79379 (November 10, 2016); Notice of January 13, 2017, 82 FR 6165 (January 18, 2017).

2. Supplement No. 4 to part 744 is amended:

a. By adding under the destination of Crimea region of Ukraine, in alphabetical order, two entities; and

b. By adding under the destination of Russia, in alphabetical order, eight Russian entities.

The additions read as follows:

Supplement No. 4 to Part 744 - Entity List

Country	Entity	License requirement	License review policy	Federal Register Citation

CRIMEA REGION OF UKRAINE	*****			
	KPSK, OOO, a.k.a., the following two aliases: -Obshchestvo S	For all items subject to the EAR. (See	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND

	Ogranichennoi Otvetsvennostyu 'Krymskaya Pervaya Strakhovaya Kompaniya'; <u>and</u> -OOO 'Krymskaya Pervaya Strakhovaya Kompaniya'. 29 ul. Karla Marksa, Simferopol, Crimea 295006, Ukraine.	§744.11 of the EAR).		DATE OF PUBLICATION IN THE FEDERAL REGISTER]

	Riviera Sunrise Resort & Spa, a.k.a. the following one alias: Riviera Sunrise Resort and Spa. Lenin St. 2, Alushta, Crimea 29850, Ukraine.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

RUSSIA	*****			
	Bike Center, a.k.a., the following three aliases: -Baik. V. Tsentr; -Baik. V. Tsentr, OOO; <u>and</u> -Bike V. Center. Nizhnije Mnevniky, 110, Moscow, Russia; <u>and</u> Ul. Nikitskaya B. D.11/4, Korp .3, Moscow 103009, Russia; <u>and</u> 1 1/4, str.3 ul. Nikitskaya B., Moscow 103009, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

	Concord Catering, Nab. Lieutenant Schmidt D. 7, von Keyserling Mansion, St. Petersburg 119034, Russia; <u>and</u> Ulitsa Volkhonka Dom 9, Moscow 119019, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

	<p>IFDK, ZAO, a.k.a., the following six aliases: -Closed Joint Stock Company 'IFD Kapital'; -IFD Kapital; -IFD Kapital Group; -IFD-Capital; -IFD-Kapital; <i>and</i> -Zakrytoe Aktsionernoe Obshchestvo 'IFD Kapital' (f.k.a., Zakrytoe Aktsionernoe Obshchestvo IFD Karital).</p> <p>6 naberezhnaya, Krasnopresnenskaya, Moscow 123100, Russia.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]</p>
<p>*****</p>				
	<p>Limited Liability Company Concord Management and Consulting, a.k.a. the following three aliases: -Konkord Menedzhment I Konsalting, OOO; -LLC Concord Management and Consulting; <i>and</i> -Obshchestvo S Ogrannichennoi Otvetstvennostyu Konkord Menedzhment I Konsalting.</p> <p>d. 13 Litera A, Pom. 2-N N4, Naberezhnaya Reki Fontanki, St. Petersburg 191011, Russia.</p>			
	<p>*****</p>			

<p>Molot-Oruzhie, OOO, a.k.a., the following one alias: -Obshchestvo S Ogranichennoi Otvetstvennostyu 'Molot-Oruzhie' (f.k.a., Obshchestvo S Ogranichennoi Otvetstvennostyu Proizvodstvenno Instrument Kachestvo).</p> <p>135 ul. Lenina, Vyatskie Polyany, Kirov Obl. 612960, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

<p>Oboronlogistika, OOO, a.k.a., the following four aliases: -Oboronlogistics Limited Liability Company; -Oboronlogistics LLC; -Oboronlogistika LLC; <u>and</u> -Obshchestvo S Ogranichennoi Otvetstvennostyu 'Oboronlogistika'.</p> <p>d. 18 str. 3 prospekt Komsomolski, Moscow 119021, Russia; <u>and</u> ul. Goncharnaya, house 28, building 2, Moscow 115172, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

<p>Private Military Company 'Wagner', a.k.a., the following three aliases: -Chastnaya Voennaya Kompaniya 'Vagner'; -Chvk Vagner; <u>and</u> -PMC Wagner).</p> <p>Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

	<p>'Wolf' Holding of Security Structures, a.k.a., the following four aliases:</p> <ul style="list-style-type: none"> -Defense Holding Structure "Wolf"; -Holding Security Structure Wolf; -Kholding Okhrannykh Struktur Volk; <u>and</u> -Wolf Holding Company. <p>ul. Panferova d. 18, Moscow 119261, Russia; <u>and</u> Nizhniye Mnevniki, 110, Moscow, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]

Dated: June 20, 2017.

Matthew S. Borman,

Deputy Assistant Secretary for Export Administration

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